

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

Labour Employment Training & Factories Department – Insurance Medical Services – Spandana Sphoorty Financial Ltd., Gachibowli, Hyderabad – Grant of exemption from E.S.I. coverage under section 91 & 91A of E.S.I. Act, 1948 – Rejected – Orders – Issued.

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LABOUR EMPLOYMENT TRAINING & FACTORIES (IMS) DEPARTMENT

G.O.Rt.No. 1181

Dated: 23 -10-2010

Read the following:-

1. Exemption application from the Managing Director, Spandana Sphoorty Financial Ltd., Gachibowli, Hyderabad., dated 01.09.2009.
2. From the DIMS Lr.Rc.No.12628/P1/2008, dated 18.05.2010.

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ORDER:

In the reference 1<sup>st</sup> read above, the Managing Director, SPANDANA Financial Ltd., has filed exemption application before Government and stated that their institution main objective is to carry on the business of providing Microfinance services to large number of low income households directly or indirectly, in villages and slums and thus to help them and their families to improve their standard of living. The total No. of employees are reportedly 4353. Of them, 2300 no. of employees are working in the Non-Implemented areas where as only 2053 No. of employees are working in the coverable areas of ESI Scheme. Of them 1034 employees are drawing less than 10,000/- P.M salary. Hence even as per the provisions of ESI Act, the employees working in the Non-Implemented areas are not required to be covered under the ESI Act. Last four years commencing from 2005 the management has spent approximately an amount of Rs.50 lakhs on the medical expenses and also towards the other staff welfare amenities. On the other hand the ESI Corporation has not provided any benefits to their employees.

2. They have requested the Government to grant of exemption under section 91 and 91A of ESI Act, 1948 to their establishment for the period from 02.05.2005 to 31.08.2009.

3. In the reference 2<sup>nd</sup> read above, The Director of Insurance Medical Services, Andhra Pradesh, Hyderabad, has stated that the Exemption Committee in its meeting held on 14.05.2010, also took in consideration the report of Regional Director, ESI Corporation, Hyderabad. The Regional Director, ESI Corporation has furnished a comparative analysis of benefit provisions as per the employer Vis-à-vis the benefits provided as per provisions of the Act. Even though the employer contented to have provided for all the benefits, it was found that the scale of such benefits is inferior to that of benefits provided under the Act.

4. The benefits reportedly provided by the employer and the statutory benefits like vocational rehabilitation, free supply of Artificial limbs and other Aids, confinement expenses etc. have not been thought of by the employer. In any case, the provisions of benefits which have been reported by the employer as per application have duly been taken into consideration and examined and it was established beyond doubt that provisions of the employer are / were neither similar nor superior to the benefits provided under the ESI Act.

The committee, therefore, unanimously opinion that the employer does not qualified / deserve exemption from operation of provision of the ESI Act and recommended for rejection.

5. Government, after careful examination of the recommendations of the Standing Committee for Exemptions, have decided to reject the request of the Spandana Sphoorty Financial Ltd., Gachibowli, Hyderabad for grant of exemption with retrospective effect from 02.05.2010 to 31.08.2009 under section 91 and 91A of E.S.I. Act, 1948, as it was found that the scale of benefits by the employer to the employees are inferior to that of benefits provided under the ESI Act, 1948.

6. The Director of Insurance Medical Services, Andhra Pradesh, Hyderabad is requested to take necessary action in the matter accordingly.

(BY ORDER AND IN THE NAME OF GOVERNOR OF ANDHRA PRADESH)

D.SREENIVASULU  
PRINCIPAL SECRETARY TO GOVERNMENT

To

The Director of Insurance Medical Services, A.P., Hyderabad.

Copy to:

The Management,

Spandana Sphoorty Financial Ltd., Gachibowli, Hyderabad.

The Regional Director, ESI Corporation, Hill Fort Road, Hyderabad.

Sf/Sc.

//FORWARDED : : BY ORDER//

SECTION OFFICER